



ARIZONA DEPARTMENT OF REVENUE

MEMORANDUM

DATE: May 28, 2004

FROM: THE OFFICE OF ECONOMIC RESEARCH & ANALYSIS

MARCH 2004 TAX FACTS

SUMMARY OF GENERAL FUND REVENUES

	<u>March 2004</u>	<u>Fiscal Year Total</u>
Individual Income Tax		
Net Collections	\$59,091,498	\$1,355,292,479
Percent Change	N/A	10.0%
Corporate Income Tax		
Net Collections	\$27,432,846	\$283,187,975
Percent Change	(36.0%)	35.5%
Transaction Privilege, Severance & Use Taxes		
Net Collections	\$264,404,198	\$2,430,643,510
Change	10.8%	7.9%
Total Big Three Tax Types		
Net Collections	\$350,928,542	\$4,069,123,964
Percent Change	28.0%	10.1%

January was the first month that the department used a new computer system to process transaction privilege tax and withholding. Some of the reports necessary to provide Tax Facts information are still under development. Those sections have been pulled from this report. Once the information is available, it will be sent out.

We apologize for any inconvenience this may cause.

TAX FACTS

March 2004

INDIVIDUAL INCOME TAX

Individual Income Tax Receipts

	March 2004	March 2003	% Change
Gross Collections	\$36,041,044	\$26,043,526	38.4
Withholding	220,645,285	200,798,157	9.9
Refunds	(167,172,735)	(198,362,815)	(15.7)
Urban Revenue Sharing	(30,422,097)	(35,879,921)	(15.2)
Net Collections	\$59,091,498	(\$7,401,054)	N/A

	Fiscal Year 2003/04	Fiscal Year 2002/03	% Change
Gross Collections	\$308,241,848	\$274,725,514	12.2
Withholding	1,755,348,692	1,733,865,337	1.2
Refunds	(434,499,193)	(453,086,974)	(4.1)
Urban Revenue Sharing	(273,798,869)	(322,919,289)	(15.2)
Net Collections	\$1,355,292,479	\$1,232,584,587	10.0

Included in the refund amounts above are refunds relating to the alternative fuel vehicle income tax credit. No refunds were issued in March 2004 for alternative fuel related credits.

Individual Income Tax Document Count

In calendar year 2003, the following individual income tax returns were filed:

	140X	140	140NR	140PY	140NPR	141	140A	140PTC	140EZ	140ET	OTHER	TOTAL
#	44,149	1,546,452	84,078	99,313	12	43,604	287,618	13,546	190,019	2,632	24	2,311,447
%	1.9	66.9	3.6	4.3	0.0	1.9	12.4	0.6	8.2	0.1	0.0	

In calendar year 2004 the number of returns filed, and processed, are as follows:

	140X	140	140NR	140PY	140NPR	141 & 141AZ	140A	140PTC	140EZ	140ET	OTHER	TOTAL
#	6,156	651,205	14,756	29,593	2	2,963	171,742	7,204	77,924	900	5	962,450
%	0.6	67.7	1.5	3.1	0.0	0.3	17.8	0.7	8.1	0.1	0.0	

The 962,450 returns, representing current and prior tax years, filed through March 2004 compares to 827,983 returns filed during the same period of time in 2003 for an annual increase of 16.2%. For tax year 2003 filed in 2004, 929,499 returns have been filed, a 16.3% increase over filings in March 2003 for tax year 2002.

Year-Over-Year Comparison of Resident Taxpayers

Comparisons of Federal Adjusted Gross Income (FAGI) and tax liability growth between two tax years can be made by using data from taxpayers who have filed for both calendar years and have maintained the same filing status for both years. The Department of Revenue has received 642,840 returns in calendar year 2004 for tax year 2003 from filers who also have returns on record from calendar year 2003 with the same marital status. On average, these filers experienced a 1.8% increase in FAGI and a 1.5% increase in tax liability. More specifically, 35.8% of these filers experienced a decrease in tax liability; on average a decrease of 30.6% with a corresponding average decrease in FAGI of 16.5%. Filers with an increase in tax liability totaled 310,763 or 48.3% with an average FAGI increase of 17.4% and an average tax liability increase of 31.1%.

Average Individual Income Tax Refund

	Average	Number
2004 CYTD	\$463.98	731,183
2003 CYTD	\$501.30	715,212
% Change	(7.4%)	2.2%

"New" Filers in Calendar Year 2003

Table 1 attached to this report, presents the number of "new" returns filed in calendar year 2004. "New" returns are for those filers who did not file in the previous calendar year. Therefore, these filers could be new full-year residents of Arizona, or they may be newly required to file an individual income tax return. (The filer may not have earned enough income in the previous year to file, such as a recent graduate just entering the work force.) The table indicates that 101,170 "new" returns have been filed thus far in 2004, representing approximately 120,037 persons, not including dependents. The average Federal Adjusted Gross Income for these 101,170 returns is \$15,989, with an average tax liability of \$185. The right half of this table presents characteristics of the filers represented on the returns. Of all "new" returns, 18.1% had a married filing joint filing status, 5.8% claimed a 65 and Over Exemption and 45.5% claimed dependents.

Individual Income Tax Estimated Payments

Taxpayers are required to make estimated payments if their Arizona gross income will exceed \$75,000, in an amount which will represent unpaid tax liability at the end of the taxpayer's tax year. Total estimated payments paid with form 140ES for tax year 2002 was \$295.4 million, for an average of \$1,534. An additional \$75.0 million in estimated payments came from 2001 tax returns that applied their refunds as a 2002 estimated payment, for an average of \$1,685. Estimated payments received through March 2004 for tax year 2003 were as follows:

3/04	140ES payment	\$2,737,475	Cumulative	\$290,910,454
3/03	140ES payment	\$66,845,993	Cumulative	\$294,664,820
	Percent change	(95.9%)		(1.3%)
3/04	Average payment	\$3,448	Cumulative	\$1,640
3/03	Average payment	\$1,777	Cumulative	\$1,534
	Percent change	94.0%		6.9%
3/04	Applied refund	\$234,351	Cumulative	\$73,195,700
3/03	Applied refund	\$159,086	Cumulative	\$73,644,605
	Percent change	47.3%		(0.6%)
Total 3/04		\$2,971,826	Cumulative	\$364,106,154
Total 3/03		\$67,005,079	Cumulative	\$368,309,425
	Percent change	(95.6%)		(1.1%)

Withholding

Withholding payments are received from employers and applied towards a specific quarter for the designated year. Information is gathered for 15 months for any given quarter. For example, from January 2001 through March 2003, \$544,701,458 was received for the first quarter of 2002. The latest complete quarter (15 months of information has been compiled) is the first quarter of 2003, which shows an increase of 2.7% in withholding payments over the first quarter of 2002. Growth in quarters for which information is still being gathered is as follows:

2 nd Quarter 2003	2.6%	4 th Quarter 2003	1.6%
3 rd Quarter 2003	0.1%	1 st Quarter 2004	(1.0%)

Current choices for withholding are 0%, 10%, 18%, 21%, 23%, 29% or 34% as the percent of federal taxes to be withheld for state taxes. The 0% option is only available to those individuals who had no liability in the prior tax year and expect no tax liability for the current year.

Property Tax Credits

Arizona allows a refundable property tax credit for those who are age 65 or older or who received Title 16, SSI payments and pay property tax on a home. To qualify for this credit, household income must be below \$3,751 for individuals that live alone, or \$5,501 for those that live with others. The maximum credit is \$502.

	Number	Amount	Average
Calendar Year 2004	7,080	\$2,566,951	\$362.56
Calendar Year 2003	6,514	\$2,291,126	\$351.72
% Change	8.7%	12.0%	3.1%

Clean Elections

As a result of the November 1998 voter approval of the Citizens Clean Elections, Arizona's income taxpayers can make a donation to the Citizens Clean Elections Commission through an income tax check-off or through a voluntary donation. The following is for tax year 2003:

	March 2004	Calendar Year Total
Check Off	\$727,159	\$1,560,903
Voluntary Donation	\$7,237	\$13,593
Number of Returns	99,404	221,687

Contributions on the Individual Income Tax Return

Through March 2004, individual income tax return filers have made the following contributions:

	Number	Amount	Average
Wildlife	3,690	\$63,379	\$17.18
Child Abuse	4,431	\$78,240	\$17.66
Special Olympics	1,915	\$29,693	\$15.51
Neighbors Helping	1,073	\$14,424	\$13.44
AID to Education	205	\$18,933	\$92.36
Domestic Violence Shelter	3,026	\$62,278	\$20.58
Democratic Party	373	\$8,668	\$23.24
Republican Party	332	\$6,899	\$20.78
Libertarian Party	24	\$445	\$18.54

CORPORATE INCOME TAX

Corporate Income Tax Receipts

	March 2004	March 2003	% Change
Gross Collections	\$42,492,506	\$52,912,894	(19.7)
Refunds	(15,059,660)	(10,039,885)	50.0
Net Collections	\$27,432,846	\$42,873,008	(36.0)

	Fiscal Year 2003/04	Fiscal Year 2002/03	% Change
Gross Collections	\$391,259,385	\$307,665,854	27.2
Refunds	(108,071,410)	(98,695,840)	9.5
Net Collections	\$283,187,975	\$208,970,014	35.5

Corporate Estimated Payments

Corporations are required to file estimated tax payments throughout the year only if (1) their Arizona tax liability exceeds \$1,000 and (2) they are required to file federal estimated tax payments.

March 2004	\$35,746,501	Calendar Year Total	\$58,005,511
March 2003	\$34,331,613	Calendar Year Total	\$54,240,644
% Change	4.1%	% Change	6.9%

All corporations with an income tax liability of \$20,000 or greater are required to make their estimated tax

payments through electronic funds transfer (eft). The table below shows the number of these eft estimated payments, by size of payment, for March 2004 and for the fiscal year.

Size of Payment →	Less than \$50,000	\$50,000 up to \$100,000	\$100,000 up to \$500,000	\$500,000 up to \$1,000,000	\$1,000,000 up to \$10,000,000	\$10,000,000 and more	Total	% chg
March 2004	251	17	28	8	2	0	306	2.0
March 2003	245	21	25	7	2	0	300	
CY 2004	471	38	50	11	7	0	577	10.1
CY 2003	426	40	39	12	7	0	524	

Corporate Refunds

Corporate refunds paid in any state fiscal year are for a mixture of corporate fiscal years. The table below presents the percent of refunds paid in FY 2002/03 by corporate fiscal year. For example, in FY 2002/03, 7.0% of the refund dollars paid were for corporate fiscal years ending in 1998 or before. The percentages are for refunds paid through the fiscal year.

Corporate Fiscal Year-End:	98 & Prior	99	00	01	02	03
FY 2002/03	7.0%	6.0%	7.4%	66.3%	13.1%	0.2%
Corporate Fiscal Year-End:	99 & Prior	00	01	02	03	04
FY 2003/04	9.0%	2.2%	2.7%	78.7%	7.5%	0.0%

The corporate refunds shown above are those refunds for which a check is mailed to the corporation. Sometimes corporations choose to apply their refund as an estimated payment. The following table present information on refunds applied as estimated payments in the most recent month and for the calendar year.

March 2004	\$9,551,523	Calendar Year Total	\$28,658,775
March 2003	\$24,572,886	Calendar Year Total	\$42,753,496
% Change	(61.1%)	% Change	(33.0%)

Corporate Income Tax Document Count

The Arizona Department of Revenue received 99,009 corporate returns showing a fiscal year-end of 2002. The type of return received is indicated below:

	120 X (amended)	120 (regular)	120S (S corp)	99T (exempt org.)	120 A (short form)
#	289	34,612	54,649	355	10,889
%	0.3	34.3	54.2	0.4	10.8

Through March 2003, 18,917 documents have been received for a fiscal year-end of 2003, distributed as follows:

	120 X (amended)	120 (regular)	120S (S corp)	99T (exempt org.)	120 A (short form)
#	51	9,327	6,450	92	2,997
%	0.3	49.3	34.1	0.5	15.8

The figures shown above for the 2003 returns are most meaningful when compared to 2002 returns received during the same period of time in the previous year. Through March 2003, the Arizona Department of Revenue received 30,103 documents with a fiscal year-end of 2002. Compared to 2003 documents, the department as seen a 37.2% increase in the number of corporate returns received at this point of time in the calendar year.

Urban Revenue Sharing Returned to Cities/Towns

Incorporated cities and towns receive a share of net individual and corporate income tax collections, called Urban Revenue Sharing. The amount of money to be distributed during Fiscal Year 2003/04 is 14.8% of net proceeds from Fiscal Year 2001/02 income tax. In addition, 15% of the amount of monies transferred from the Budget Stabilization Fund to the tax refund account of the state general fund is also be used for Urban Revenue Sharing. Amounts returned for March 2004 are shown on Table 2, at the end of this report.

TRANSACTION PRIVILEGE, SEVERANCE AND USE TAXES

Transaction Privilege, Severance and Use Tax Receipts

The Arizona transaction privilege and severance tax consists of many classifications of tax. These classifications include but are not limited to retail, contracting, amusements, restaurants and bars, hotel/motel and mining severance tax. The collections for all such categories are divided, per statute, into two parts. One part is called distribution base; the other part is known as non-shared. The division of collections into these two parts varies from category to category. For example, retail sales tax is 40% distribution base and 60% non-shared. In contrast, contracting is 20% distribution base and 80% non-shared. Use tax is 100% non-shared.

At the close of each month, the computer aggregates transaction privilege and severance tax collections by category and calculates total distribution base and non-shared portions. The amount shown as "Use Tax" in the table below includes use tax, use inventory tax and jet fuel use tax. Education tax is in accordance with prop 301 resulting in an additional 0.6% education tax being added to most business classifications. The "Other Revenue" category includes county excise, road, jail and hospital taxes and various other excise taxes, such as the 911 excise tax.

	March 2004	March 2003	% change
Distribution Base	\$111,338,527	\$101,351,002	9.9
Non shared	208,214,193	189,178,101	10.1
Use Tax	17,789,347	14,462,780	23.0
Education Tax	39,267,656	35,335,914	11.1
Other Revenues	47,444,134	42,826,764	10.8
Total Collections	\$424,053,856	\$383,154,561	10.7

	Fiscal Year 2003/04	Fiscal Year 2002/03	% change
Distribution Base	\$1,001,292,995	\$937,596,289	6.8
Non shared	1,914,707,193	1,789,559,958	7.0
Use Tax	170,590,363	139,995,603	21.9
Education Tax	361,125,952	333,361,064	8.3
Other Revenues	421,076,500	391,066,698	7.7
Total Collections	\$3,868,793,003	\$3,591,579,612	7.7

Distribution of Transaction Privilege, Severance and Use Tax Receipts

Of the distribution base portion of transaction privilege and severance taxes, described above, 25% is returned to incorporated cities/towns, 40.51% is returned to counties and 34.49% goes to the state general fund with the exception of mining severance tax. All of the non-shared revenue and use tax is deposited into the general fund. Therefore, the "Retained By State" figure presented below includes all non-shared portion of transaction privilege tax, use tax and 34.49% of the distribution base collections. The education tax is distributed in accordance with prop 301. "Other" revenues are returned to the administering authority.

	March 2004	March 2003	% change
Retained by State	\$264,404,198	\$238,596,840	10.8
Returned to Counties	45,103,237	41,051,292	9.9
Returned to Cities	27,834,632	25,337,751	9.9
Education Tax	39,267,656	35,335,914	11.1
Other Revenues	47,444,134	42,826,764	10.8
Total Collections	\$424,053,856	\$383,154,561	10.7

	Fiscal Year 2003/04	Fiscal Year 2002/03	% change
Retained by State	\$2,430,643,510	\$2,252,934,987	7.9
Returned to Counties	405,623,792	379,818,732	6.8
Returned to Cities	250,323,249	234,398,134	6.8
Education Tax	361,125,952	333,361,064	8.3
Other Revenues	421,076,500	391,066,698	7.7
Total Collections	\$3,868,793,002	\$3,591,579,612	7.7

Transaction Privilege and Severance Tax Collections By Class

	Tax Rate	March 2004	% Chg	Fiscal Year Total	% Chg
Transporting ¹	5.6%	\$176,176	(43.6)	\$2,767,973	N/A
Non-Metal Mining/Oil & Gas	3.125%	778,074	50.7	6,495,256	(0.3)
Utilities	5.6%	24,279,738	18.4	252,393,721	(7.7)
Communications	5.6%	12,177,963	3.1	105,763,419	(3.5)
Private Car/Pipelines	5.6%	96,393	601.5	600,808	53.2
Publishing	5.6%	467,927	(6.4)	4,722,356	(5.0)
Printing	5.6%	1,385,763	(9.8)	13,225,798	(21.2)
Restaurants/Bars	5.6%	32,478,252	14.5	260,898,583	8.0
Amusements	5.6%	3,596,913	7.1	28,802,586	2.2
Commercial Lease	0%	(556)	N/A	(90,298)	4.2
Rental of Personal Property	5.6%	12,993,462	(5.9)	116,986,079	(6.1)
Contracting	3.75% - 5.6%	50,781,577	13.6	483,816,581	12.3
Feed Wholesale	Repealed	0	N/A	(38)	88.3
Retail	5.6%	167,411,918	8.6	1,562,573,784	7.0
Mining Severance	2.5%	782,806	596.0	3,710,778	370.1
Timber Severance	\$2.13/\$1.51 per 1000 board ft	716	(1.1)	7,747	125.5
Hotel/Motel	5.5%	11,419,754	12.0	68,805,972	7.0
Membership Camping	5.6%	11,110	(5.5)	101,074	13.4
Use/Use Inventory	5.6%	17,789,347	23.0	170,590,363	21.9
Rental Occupancy Tax	3.0%	12,991	61.1	102,820	1280.1
Jet Fuel Tax	\$.0305/\$.0105 gal	737,827	20.5	3,682,429	(15.1)
Telecommunications Devices:	1.1				
Telecom. Fund for the Deaf	----	429,456	(19.5)	3,899,847	(17.6)
School for the Deaf	----	143,152	N/A	965,040	N/A
Poison Control Fund	----	112,002	(43.2)	1,126,659	(35.6)
911 Wireline/Excise	\$0.37 monthly per activated service	1,194,612	1.7	10,328,553	(9.1)
911 Wireless Service	\$0.37 monthly per activated service	992,943	24.6	8,869,662	23.4
Total		\$340,250,315	10.6	\$3,111,147,552	7.6

The Use/Use Inventory category shown on the previous page includes jet fuel use tax. These collections include only the individual classes of transaction privilege tax, severance tax and use tax. The total does not include license fees or any other fees collected by the Department.

¹ The category transporting/towing has been combined with railroads/aircraft and will now be called "Transporting".

Transaction Privilege and Severance Tax Taxable Sales By Class²

	March 2004	% Chg	Fiscal Year Total	% Chg
Transporting ³	\$3,523,513	(43.6)	\$55,359,467	N/A
Non-Metal Mining/Oil & Gas	24,898,367	50.7	207,848,186	(0.3)
Utilities	485,594,759	18.4	5,047,874,415	7.7
Communications	243,559,266	3.1	2,115,268,376	(3.5)
Private Car/Pipelines	1,927,863	601.5	12,016,157	53.2
Publishing	9,358,539	(6.4)	94,447,111	(5.0)
Printing	27,715,268	(9.8)	264,515,950	(21.2)
Restaurants/Bars	649,565,037	14.5	5,217,971,666	8.0
Amusements	71,938,267	7.1	576,051,711	2.2
Commercial Lease	(22,927)	N/A	(6,530,882)	13.1
Rental of Personal Property	259,869,235	(5.9)	2,339,721,589	(6.1)
Contracting	1,015,631,536	13.9	9,676,330,519	12.4
Feed Wholesale	0	N/A	(8,021)	88.3
Retail	3,348,238,369	8.6	31,251,475,689	7.0
Mining Severance	31,312,229	596.0	148,431,126	370.1
Timber Severance	336	N/A	3,422	624.1
Hotel/Motel	207,631,895	12.0	1,251,017,675	7.0
Membership Camping	222,191	(5.5)	2,021,480	13.4
Use/Use Inventory	354,159,093	22.8	3,407,364,666	22.0
Rental Occupancy Tax	433,020	61.1	3,427,331	1280.1
Total	\$6,735,555,858	10.9	\$61,664,607,633	7.8

Telecommunications Devices, 911 Excise and 911 Wireless Service classifications previously listed in the collections table are not elements of calculated taxable income and therefore, are not included in the above table. The Use/Use Inventory category shown above does not include jet fuel use tax. Since the jet fuel use tax is a gallonage tax, this too can not be computed as taxable income. A comparison can be made of gallons of jet fuel on which Arizona jet fuel tax or jet fuel use tax was paid. In December 2003, 11,938,547 gallons of jet fuel were taxed, a 10.8% decrease from the 13,384,162 reported for December 2002. Timber Severance includes only sales subject to a repealed rate. The current tax is per board feet upon which taxable income cannot be computed.

Accounting Credit

A credit equal to one percent of the amount of tax due, up to \$10,000 per calendar year, is allowed to businesses for expenses incurred during the accounting and reporting of Transaction Privilege Tax. **Due to our new processing system, the report needed to provide this data is not available.**

Taxable Sales by SIC Code Range

The taxable sales by SIC (Standard Industrial Classification) code range is undergoing a conversion to NAICS codes. The information for March 2004 is not yet available. Once it is available, it will be sent under separate cover.

The taxable sales by SIC (Standard Industrial Classification) Code ranges are an indicator of business occurring for that type of retail sale. Certain limitations must be understood when using this information.

²These Taxable Sales figures are calculated on a per return basis, by taking collections and dividing them by the appropriate tax rate. These figures may not match other Taxable Sales figures calculated on the aggregate.

³ The category transporting/towing has been combined with railroads/aircraft and will now be called "Transporting".

Transaction Privilege and Severance Tax Returned to Counties

Taxpayers reported the following taxable transactions and tax collections by county. The share of the revenues returned to each county for March 2004 is shown in the County Share column.

	Dist. Base Collections	County Share	% of Total	FYTD County Share	% Chg
Apache	\$220,082	\$335,332	0.7	\$3,073,549	6.3
Cochise	1,659,891	818,664	1.8	7,508,057	8.6
Coconino	2,314,947	1,056,588	2.3	10,662,091	2.5
Gila	680,542	348,526	0.8	3,208,561	6.0
Graham	299,868	199,380	0.4	1,845,900	5.0
Greenlee	536,589	178,821	0.4	1,377,609	6.3
La Paz	332,521	147,671	0.3	1,229,038	9.3
Maricopa	74,949,254	29,065,395	64.4	260,634,058	7.0
Mohave	3,027,735	1,241,428	2.8	11,119,555	8.5
Navajo	1,310,477	665,310	1.5	6,413,941	2.3
Pima	16,667,149	6,793,059	15.1	60,784,066	5.4
Pinal	2,530,903	1,249,015	2.8	10,867,699	10.9
Santa Cruz	676,411	293,128	0.6	2,683,336	8.4
Yavapai	3,257,621	1,478,197	3.3	13,726,886	9.1
Yuma	2,874,536	1,232,723	2.7	10,489,447	7.8
Total	\$111,338,527	\$45,103,237		\$405,623,792	6.8

Transaction Privilege and Severance Tax Returned to Cities/Towns

The portion of transaction privilege and severance tax returned to each incorporated city or town for March 2004 is shown on Table 3, attached to this report.

County Tax Collections

The following county-imposed tax collections were received by the Department of Revenue during March 2004 and returned to the counties. County taxes in all but Coconino County are imposed at 10% of the state transaction privilege tax rate. Coconino's Excise Tax is 10% of the state rate, and its Jail Tax is 6% of the state rate. The stadium tax was imposed at 5% of the state rate. This rate completed its run in December 1997. Collections received now should be for prior periods. The rental car surcharge in Maricopa County is \$2.50 per car and in Pima County is \$3.50 per car. The RV Surcharge is \$0.50/day on each lease or rental of a parking space for recreational vehicles.

	Road Tax	Excise Tax	Jail Tax	Rental Car Surcharge	Stadium Tax	RV Surcharge	Hospital Tax/Health SVCS Dist	Capitol Projects	Tourism Authority
Apache		\$74,548							
Cochise		\$482,406							
Coconino		\$668,334	\$400,696					\$165,463	
Gila	\$215,295	\$209,754							
Graham		\$86,422							
Greenlee		\$60,203							
La Paz		\$95,884	\$95,882				\$20,702		
Maricopa	\$23,630,877		\$8,774,408	\$531,174	\$2,961				\$2,187,401
Mohave		\$455,762							
Navajo		\$379,988							
Pima				\$141,426		\$29,241			
Pinal	\$826,690	\$809,178							
Santa Cruz		\$194,660							
Yavapai		\$969,237	\$483,104						
Yuma		\$820,475	\$820,454					\$817,620	

OTHER TAXES

Luxury Taxes

The following revenues were received from luxury taxes in March 2004. The table compares the receipts to March 2003 and also compares fiscal year (FY) totals. Figures may not add to total due to rounding.

	March 2004	March 2003	% Change
Spirituous	\$1,911,448	\$1,695,900	12.7
Vinous	1,076,773	952,048	13.1
Malt	1,925,908	2,138,221	(9.9)
Cigarette	22,336,923	17,457,931	27.9
Other Tobacco	597,905	592,800	0.9
Tobacco Licenses	325	475	(31.6)
Total	\$27,849,282	\$22,837,375	21.9

	Fiscal Year 2003/04	Fiscal Year 2002/03	% Change
Spirituous	\$17,351,385	\$16,353,280	6.1
Vinous	7,868,459	7,331,367	7.3
Malt	16,086,475	16,318,820	(1.4)
Cigarette*	196,590,483	140,038,766	40.4
Other Tobacco	5,787,425	3,762,707	53.8
Tobacco Licenses	3,225	3,175	1.6
Total	\$243,687,452	\$183,808,113	32.6

*Through March 2004, \$417,300 of cigarette and tobacco tax collections has been allocated for administrative expenses and is not included in the cigarette collections above.

General Fund revenues from luxury taxes:

	March 2004	Fiscal Year 2003/04
Spirituous	\$1,338,014	\$12,145,969
Vinous	268,712	1,961,986
Malt	481,477	4,021,618
Cigarette	2,856,151	26,111,972
Other Tobacco	92,675	896,693
Tobacco Licenses	325	3,225
Total	\$5,037,354	\$45,141,463

Other dedicated revenues from luxury taxes:

	March 2004	Fiscal Year 2003/04
Correction Fund revenues	\$2,332,361	\$19,598,178
Tobacco Tax & Health Care Fund ⁴	\$7,840,009	\$68,569,967
Tobacco Products Tax Fund ⁵	\$11,696,298	\$102,638,590
Wine Promotional Fund revenues	\$1,926	\$20,512
Drug Treatment & Education Fund revenues	\$673,937	\$5,522,793
Corrections Revolving Fund revenues	\$267,396	\$2,195,951

⁴ Formerly the Health Care Fund

⁵ This Fund was created by Prop. 303, which increased cigarette & other tobacco products tax rates in November 2002.

Estate Tax

	March 2004	\$1,414,827	Fiscal year To Date	\$29,359,653
	March 2003	<u>\$3,370,760</u>	Fiscal year To Date	<u>\$77,895,948</u>
% Change		(58.0%)	% Change	(62.3%)

Bingo

	March 2004	\$41,529	Fiscal year To Date	\$456,488
	March 2003	<u>\$38,147</u>	Fiscal year To Date	<u>\$461,289</u>
% Change		8.9%	% Change	(1.0%)

Unclaimed Property

	March 2004	\$81,680	Fiscal year To Date	\$31,619,985
	March 2003	<u>\$48,936</u>	Fiscal year To Date	<u>\$25,593,663</u>
% Change		66.9%	% Change	23.5%

Please note that some totals throughout Tax Facts may not add due to rounding.

SOURCE: THE OFFICE OF ECONOMIC RESEARCH & ANALYSIS, ARIZONA DEPARTMENT OF REVENUE

TABLE 1
“New” Returns Filed in 2004 for Tax Year 2003
Through March 2004

Federal Adjusted Gross Income Bracket	Number of Returns	% of Total	Average FAGI	Average Tax Due	CHARACTERISTICS OF TAXPAYERS					
					% Married Joint	% Single	% Unmarrie d Head	% Married Separate	% Over 65	% With Dependents
Negative FAGI	485	0.5%	-\$10,556	\$0	15.5%	77.5%	5.2%	1.9%	20.4%	11.1%
\$0-\$5,000	23,082	22.8%	\$2,879	\$0	4.1%	78.1%	17.3%	0.4%	3.5%	25.1%
\$5,000-\$10,000	25,898	25.6%	\$7,385	\$21	7.6%	65.5%	26.3%	0.6%	5.1%	37.8%
\$10,000-\$15,000	16,018	15.8%	\$12,302	\$58	16.1%	40.4%	42.6%	0.9%	7.2%	57.7%
\$15,000-\$20,000	11,368	11.2%	\$17,369	\$114	23.6%	30.1%	45.2%	1.0%	7.1%	63.0%
\$20,000-\$25,000	7,281	7.2%	\$22,340	\$212	29.1%	28.6%	40.9%	1.3%	6.0%	64.3%
\$25,000-\$30,000	4,210	4.2%	\$27,350	\$334	32.1%	31.6%	34.3%	2.0%	6.6%	58.5%
\$30,000-\$40,000	4,997	4.9%	\$43,419	\$498	36.4%	32.0%	29.1%	2.5%	6.2%	55.1%
\$40,000-\$50,000	2,813	2.8%	\$44,541	\$727	44.6%	30.6%	22.6%	2.2%	7.2%	53.7%
\$50,000-\$75,000	3,229	3.2%	\$60,441	\$1,114	63.4%	21.9%	13.2%	1.5%	7.7%	51.2%
\$75,000-\$100,000	1,111	1.1%	\$85,486	\$1,815	76.1%	15.5%	7.2%	1.3%	7.8%	51.7%
\$100,000-\$200,000	607	0.6%	\$126,187	\$3,224	79.4%	13.8%	5.8%	1.0%	9.7%	45.9%
\$200,000-\$500,000	63	0.1%	\$263,725	\$9,119	71.4%	22.2%	6.3%	0.0%	11.1%	38.1%
\$500,000-\$1,000,000	*	*	*	*	*	*	*	*	*	*
\$1,000,000 and over	*	*	*	*	*	*	*	*	*	*
Total	101,170		\$15,989	\$185	18.1%	51.5%	29.5%	0.9%	5.8%	45.5%

*An asterisked line indicates that the information cannot be released due to confidentiality laws.

NEW RETURNS FILED IN 2003 FOR TAX YEAR 2002

Total	220,129	\$20,256	\$329	20.2%	57.0%	20.6%	2.2%	7.6%	34.7%
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“NEW” Returns means that there was no return filed by the taxpayer in the previous filing year. This may or may not mean the filer is new to the state.

TABLE 2
Urban Revenue Sharing Returned to Cities/Towns
March 2004

City	Distribution	Population	City	Distribution	Population
<u>Apache County</u>			Scottsdale	\$1,522,767	202,705
Eagar	\$30,267	4,033	Surprise	231,737	30,848
Springerville	14,814	1,972	Tempe	1,191,628	158,625
St. Johns	26,653	3,548	Tolleson	37,366	4,974
<u>Cochise County</u>			Wickenburg	38,177	5,082
Benson	35,390	4,711	Youngtown	22,612	3,010
Bisbee	45,750	6,090	<u>Mohave County</u>		
Douglas	124,125	16,523	Bullhead City	253,681	33,769
Huachuca City	13,154	1,751	Colorado City	25,046	3,334
Sierra Vista	283,775	37,775	Kingman	150,763	20,069
Tombstone	11,298	1,504	Lake Havasu City	315,048	41,938
Willcox	28,043	3,733	<u>Navajo County</u>		
<u>Coconino County</u>			Holbrook	36,938	4,917
Flagstaff	397,352	52,894	Pinetop-Lakeside	26,909	3,582
Fredonia	7,783	1,036	Show Low	57,807	7,695
Page	51,151	6,809	Snowflake	33,505	4,460
Williams	21,350	2,842	Taylor	23,859	3,176
<u>Gila County</u>			Winslow	71,516	9,520
Globe	56,237	7,486	<u>Pima County</u>		
Hayden	6,701	892	Marana	101,836	13,556
Miami	14,544	1,936	Oro Valley	239,896	31,934
Payson	102,317	13,620	Sahuarita	24,355	3,242
Winkelman	3,328	443	South Tucson	41,242	5,490
<u>Graham County</u>			Tucson	3,656,197	486,699
Pima	14,942	1,989	<u>Pinal County</u>		
Safford	69,353	9,232	Apache Junction	238,994	31,814
Thatcher	30,214	4,022	Casa Grande	189,489	25,224
<u>Greenlee County</u>			Coolidge	58,490	7,786
Clifton	19,502	2,596	Eloy	77,939	10,375
Duncan	6,100	812	Florence	114,494	15,241
<u>La Paz County</u>			Kearny	16,895	2,249
Parker	23,588	3,140	Mammoth	13,237	1,762
Quartzsite	25,196	3,354	Superior	24,445	3,254
<u>Maricopa County</u>			<u>Santa Cruz County</u>		
Avondale	269,561	35,883	Nogales	156,840	20,878
Buckeye	63,831	8,497	Patagonia	6,618	881
Carefree	21,988	2,927	<u>Yavapai County</u>		
Cave Creek	28,006	3,728	Camp Verde	70,998	9,451
Chandler	1,326,518	176,581	Chino Valley	61,352	8,167
El Mirage	38,110	7,609	Clarkdale	25,707	3,422
Fountain Hills	152,010	20,235	Cottonwood	68,955	9,179
Gila Bend	14,874	1,980	Jerome	2,472	329
Gilbert	824,069	109,697	Prescott	254,950	33,938
Glendale	1,643,767	218,812	Prescott Valley	176,800	23,535
Goodyear	142,064	18,911	Sedona	76,565	10,192
Guadalupe	39,274	5,228	<u>Yuma County</u>		
Litchfield Park	28,622	3,810	San Luis	115,102	15,322
Mesa	2,988,186	397,776	Somerton	54,584	7,266
Paradise Valley	102,647	13,664	Wellton	13,740	1,829
Peoria	814,056	108,364	Yuma	583,588	77,685
Phoenix	9,923,998	1,321,045			
Queen Creek	32,423	4,316	TOTAL	\$30,422,097	4,052,210

TABLE 3
Transaction Privilege and Severance Tax Returned to Cities/Towns
March 2004

City	Distribution	Population	City	Distribution	Population
<u>Apache County</u>			Scottsdale	1,391,872	202,705
Eagar	\$27,693	4,033	Surprise	211,817	30,848
Springerville	13,541	1,972	Tempe	1,089,197	158,625
St. Johns	24,362	3,548	Tolleson	34,154	4,974
<u>Cochise County</u>			Wickenburg	34,896	5,082
Benson	32,348	4,711	Youngtown	20,668	3,010
Bisbee	41,817	6,090	<u>Mohave County</u>		
Douglas	113,455	16,523	Bullhead City	231,874	33,769
Huachuca City	12,023	1,751	Colorado City	22,893	3,334
Sierra Vista	259,382	37,775	Kingman	137,804	20,069
Tombstone	10,327	1,504	Lake Havasu City	287,967	41,938
Willcox	25,633	3,733	<u>Navajo County</u>		
<u>Coconino County</u>			Holbrook	33,763	4,917
Flagstaff	363,196	52,894	Pinetop/Lakeside	24,596	3,582
Fredonia	7,114	1,036	Show Low	52,838	7,695
Page	46,754	6,809	Snowflake	30,625	4,460
Williams	19,515	2,842	Taylor	21,808	3,176
<u>Gila County</u>			Winslow	65,369	9,520
Globe	51,403	7,486	<u>Pima County</u>		
Hayden	6,125	892	Marana	93,082	13,556
Miami	13,294	1,936	Oro Valley	219,274	31,934
Payson	93,522	13,620	Sahuarita	22,261	3,242
Winkelman	3,042	443	South Tucson	37,697	5,490
<u>Graham County</u>			Tucson	3,341,913	486,699
Pima	13,657	1,989	<u>Pinal County</u>		
Safford	63,391	9,232	Apache Junction	218,450	31,814
Thatcher	27,617	4,022	Casa Grande	173,200	25,224
<u>Greenlee County</u>			Coolidge	53,462	7,786
Clifton	17,825	2,596	Eloy	71,240	10,375
Duncan	5,576	812	Florence	104,652	15,241
<u>La Paz County</u>			Kearny	15,443	2,249
Parker	21,561	3,140	Mammoth	12,099	1,762
Quartzsite	23,030	3,354	Maricopa	10,176	1,482
<u>Maricopa County</u>			Superior	22,344	3,254
Avondale	246,390	35,883	<u>Santa Cruz County</u>		
Buckeye	58,345	8,497	Nogales	143,359	20,878
Carefree	20,098	2,927	Patagonia	6,049	881
Cave Creek	25,598	3,728	<u>Yavapai County</u>		
Chandler	1,212,492	176,581	Camp Verde	64,895	9,451
El Mirage	52,247	7,609	Chino Valley	56,079	8,167
Fountain Hills	138,943	20,235	Clarkdale	23,497	3,422
Gila Bend	13,596	1,980	Cottonwood	63,028	9,179
Gilbert	753,233	109,697	Jerome	2,259	329
Glendale	1,502,470	218,812	Prescott	233,035	33,938
Goodyear	129,852	18,911	Prescott Valley	161,603	23,535
Guadalupe	35,898	5,228	Sedona	69,983	10,192
Litchfield Park	26,161	3,810	<u>Yuma County</u>		
Mesa	2,731,325	397,776	San Luis	105,208	15,322
Paradise Valley	93,824	13,664	Somerton	49,892	7,266
Peoria	744,080	108,364	Wellton	12,559	1,829
Phoenix	9,070,941	1,321,045	Yuma	533,423	77,685
Queen Creek	29,636	4,316			
			TOTAL	\$27,834,632	4,053,692

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